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Illinois Department of Commerce and Community Affairs
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George H. Ryan - Governor

Pam McDonough - Director

ILLINOIS ECONOMIC BULLETIN

STRONG ECONOMIC GROWTH LAST YEAR

Vol. 13 No. 1, July 2000

Illinois' Gross State Product rose to \$416.7 billion in inflation adjusted dollars during 1999 for a 3.7 percent gain. The substantial increase was the eighth consecutive year of growth for the state's economy. The diverse Services (business, medical, etc.) sector continues to be the largest segment of Illinois' economy, producing 22.3 percent of the state's 1999 output. Finance, Insurance and Real Estate was next with 20.3 percent. Manufacturing contributed 17.2 percent, and Trade (Wholesale and Retail) added 16.3 percent of the state total.

The Illinois Department of Employment Security reported that Illinois' economy was little changed in May, reflecting stability as the state's long expansion continued. It added that for that past 20 consecutive months, the unemployment rate has remained between 4.1 percent and 4.4 percent, with employer payrolls expanding.

Retail sales continued at a robust pace, but the rate of growth has moderated recently. Consumer sales posted a double-digit gain in January, but have trended slightly downward since then, registering a 7.2 percent increase through April. The rate of growth is well above last year's level, with sales up over \$3 billion for the year.

According to the Mortgage Bankers' Association, the total of past due loans in the state was unchanged at 4.12 percent in the fourth quarter of last year, compared to the previous period's rate. Illinois' average was just below the national rate which was 4.22 percent in the fourth quarter. The association also reported that the percent of loans in foreclosure totaled 1.20 percent in the state and 0.98 for the U.S. during the quarter.

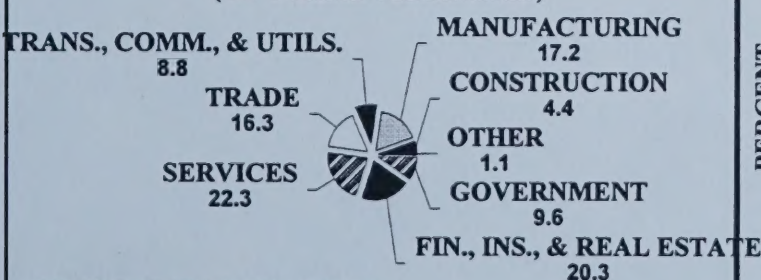
The University of Illinois Flash Index of Economic Growth decreased to 102.8 in June from 103.2 the previous month. The U. of I. economists reported that both sales and individual income tax receipts in Illinois were up last month compared with June a year ago, but reduced corporate tax receipts pulled the index down.

RECENT INDICATORS

Unemployment Rate (May-SA)	4.3%
Consumer Price Index (May-Chicago Area All Urban)	3.2%
Gross State Product-Real (4th Quarter '99 Change-SA AR)	5.3%
Total Personal Income (4th Quarter '99 Change-SA AR)	10.3%
Labor Force Employed (May-SA)	6,160,815
Employment Change (Since May-'99-SA)	+57,351
Purchasing Managers' Index (June-Chicago-SA)	56.8
Retail Sales (4 mo. '99-'00-SA)	7.2%
Exports (4 mo. '99-'00)	2.2%

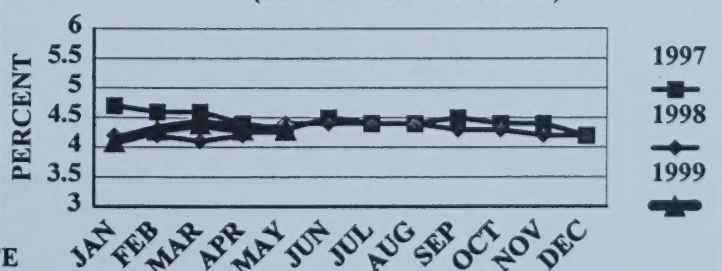
SA-Seasonally Adjusted
AR-Annual Rate

1999 GROSS STATE PRODUCT (BY DOLLAR PERCENTAGE)



SOURCE: ILLINOIS DCCA

ILLINOIS UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

ILLINOIS RANKS AS ONE OF THE TOP LABOR MARKETS

The state placed third in a recent poll of “the best overall labor markets” conducted by **Site Selection** magazine. The publication telephone-surveyed over 100 executives of the International Development Research Council, described as the world’s preeminent corporate real estate association. It asked for responses on worker availability, productivity, job skills, training and labor relations.

The report noted that Illinois’ diversified labor strengths reflect its economy, spanning agriculture, finance, manufacturing, mining services and transportation. It added that some of the heaviest action centers on Illinois’ high-tech work force, the USA’s fourth largest. The article related that Chicago’s I-88 corridor is a notable hot spot, recently landing Lucent Technologies’ 2,500-employee research and development expansion, Tellabs’ 2,500-worker expansion and Sprint PCS’s 940-employee call center.

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TOP 10 U. S. LABOR MARKETS	
RANK	STATE
1.....	CALIFORNIA
2.....	TEXAS
3.....	ILLINOIS
4.....	FLORIDA
5.....	GEORGIA
6. (tie)	NEW YORK
6. (tie)	NORTH CAROLINA
8.....	PENNSYLVANIA
9.....	MASSACHUSETTS
10. (tie)	NEW JERSEY
10. (tie)	VIRGINIA
Source: Site Selection’s Spring 2000 telephone poll of corporate real estate	

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ILLINOIS HIGHLIGHTS



- Illinois’ high-tech employment continues to be the fourth largest in the nation according to a recent report by the American Electronics Association. Their data indicated that 217,000 persons were working at high-tech firms in the state during 1998, earning an average wage of \$55,245. The study found that there were nearly 10,000 high-tech firms in Illinois with a total payroll of \$12 billion.
- Decatur earned the top spot in **Forbes** magazine’s 2000 list of the best “smaller metropolitan” places for business. The city rated highly in job, high-tech and wage growth over the past five years. Kankakee was also included on this year’s list.
- The state has become the sixth most popular destination for overseas visitors.

WEFA’S - JUNE U.S. ECONOMIC FORECAST SUMMARY

- The forecasting firm reports that it expects inflation to be contained, with only a slight core consumer price increase, as long as the economy slows down.
- WEFA predicts that the Federal Reserve will hike interest rates one-half percent more this year.
- It estimates that the recent jump in oil prices will be short lived, but will firm near term gasoline prices.
- WEFA forecasts that industrial production, particularly in the automotive related components, will slow during the second half of 2000.
- It forsees that federal and state governments will enjoy strong tax revenue growth at least for this year.

Note: This report and previous editions may be accessed at the Department’s Web site at: www.commerce.state.il.us/.

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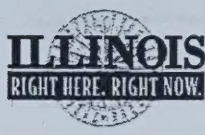
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RECORD PAYROLL EMPLOYMENT IN JUNE

Vol. 13 No. 2, August 2000

Payroll jobs in Illinois rose to a new high of 6,177,700 during June, according to the Illinois Department of Employment Security (IDES). It added that this pushed the state's jobless rate down one-tenth of a percentage point to a seasonally adjusted 4.2 percent. IDES noted that the diverse services sector also posted a new employment record at 1,872,200, up 27,500 since last June, to pace payroll gains overall. Services, led by gains in business services, health services, engineering and management accounted for half of the total increase.

Reflecting the expanding state economy, new jobless claims in Illinois are down by 9,255 through the first half of the year. The 3.1 percent year-to-date decline reverses the initial unemployment filings direction of last year when the annual total rose slightly by 0.7 percent.

As expected, consumer prices in the Chicago area rose sharply in June due to a jump in gasoline prices and a surge in overall transportation costs. The monthly all-urban consumer price index increased at a 4.1 percent annual rate compared to a 3.2 percent pace the previous month. Since then, motor fuel costs have declined, which should result in more moderate growth in the overall consumer price index during July.

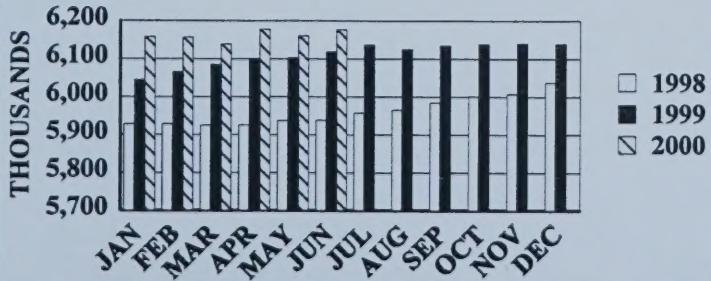
Contracts for future construction in Illinois began to soften last year as interest rates began to rise nationally. Through June, the overall value of building agreements was down \$930 million or 10.3 percent year-to-date. A large part of the decline occurred in nonbuilding (infrastructure improvements) construction, which was off 15.5 percent. Nonresidential (commercial, recreational, etc.) decreased 11 percent, while residential building contracts slipped by 6.3 percent as higher mortgage rates have begun to overcome ownership enthusiasm.

The University of Illinois Flash Index of Economic Growth declined slightly to 102.6 in July from 102.8 the previous month. The U. of I. economists noted that the state's economy is continuing to grow moderately.

RECENT INDICATORS

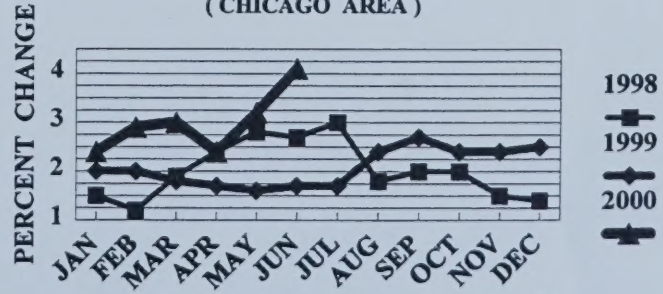
Unemployment Rate (June-SA)	4.2%
Consumer Price Index (June-Chicago Area All Urban)	4.1%
Gross State Product-Real (1st Quarter '00 Change-SA AR)	0.7%
Total Personal Income (1st Quarter '00 Change-SA AR)	2.3%
Labor Force Employed (June-SA)	6,177,700
Employment Change (Since June-'99-SA)	+58,793
Purchasing Managers' Index (July-Chicago-SA)	52.0
Retail Sales (5 mo. '99-'00-SA)	7.6%
Exports (5 mo. '99-'00)	2.4%
SA-Seasonally Adjusted AR-Annual Rate	

EMPLOYMENT IN ILLINOIS
(SEASONALLY ADJUSTED)



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

CONSUMER PRICE INDEX
(CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

PER CAPITA PERSONAL INCOME IN METROPOLITAN AREAS

Per capita personal income rose in all 10 metropolitan areas of the state in 1998, according to a recent report by the U.S. Department of Commerce. Three metros moved up in the national rankings, and three stayed in place during the year. Included in the latter were the two largest metropolitan areas of Chicago and St. Louis. The Springfield metro jumped to 94th place from 103rd the previous year. The Peoria-Pekin metropolitan area recorded the highest percentage growth with a 5.5 percent rise, with the Chicago metro area posting the largest income gain of \$1,609 in 1998.

Nationally, per capita personal income in the 318 metropolitan areas ranged from a high of \$45,199 for San Francisco to a low of \$12,759 for a southern Texas metro. The Illinois metros placed in the upper-to-middle rankings, ranging from 21 to 230 overall. Personal income is defined as the income received by all persons from all sources, with the total divided by the population to arrive at the per capita average.

1998 METROPOLITAN PER CAPITA PERSONAL INCOME				
Metro Area	1997 Amount	1998 Amount	97-98 Change	Metro U.S. Rank
Chicago	\$31,572	\$33,181	5.1%	21
St. Louis, Mo.-Il.	27,951	29,089	4.1	53
Bloomington-Normal	26,077	27,260	4.5	90
Springfield	26,108	27,215	4.2	94
Peoria-Pekin	25,300	26,679	5.5	103
Quad Cities, Ia.-Il.	24,810	26,003	4.8	119
Rockford	24,820	25,938	4.5	121
Decatur	24,522	25,674	4.7	127
Champaign-Urbana	22,812	23,753	4.1	186
Kankakee	21,905	22,596	3.2	230
U.S. Average	25,924	27,203	4.9	NA
National Metropolitan Average	\$27,471	\$28,872	5.1%	NA
Source: U.S. Department of Commerce, Bureau of Economic Analysis - June 2000				



ILLINOIS HIGHLIGHTS

- Illinois and California led all states with 35 firms each listed in the latest **Industry Week** magazine's ranking of "The World's 1,000 Largest Manufacturing Companies."
- Johnson Publishing Company of Chicago and Fuci Metals USA of Northfield were rated third and tenth by **Black Enterprise** magazine in the recent report of the "Top 10 Black-Owned Companies."
- The Chicago metropolitan area had the second largest number of computer programmers with 34,000, according to a recent report by **Forbes** magazine. Tops was the Washington D.C. metro with 34,700.

STANDARD & POOR'S *DRI* - JULY U.S. ECONOMIC FORECAST SUMMARY

- The forecasting firm reports that the current expansion continues to roll through a record 10th year, and that there are few signs that the streak will end soon. *DRI* does mention that the boom is beginning to lessen, which it foresees as extending its life.
- *DRI* notes that the slowdown has come exactly on schedule - one year after the Federal Reserve's first tightening move in June 1999.
- It relates that the consumer remains the main driver of this expansion. *DRI* predicts that the saving rate will stabilize, implying that consumer spending will downshift to the pace of income growth.
- *DRI* expects that despite a slowdown in car and housing sales, equipment spending will stay strong. It mentions the need to substitute capitol for a tight labor supply in order to improve productivity.
- It adds that the stock market has finally stabilized this year, following five consecutive years of 20 percent-plus gains. *DRI* estimates that after an 18-year run when total returns averaged 17 percent per year, it expects stocks to return to 10 percent per year increases over the coming decade.

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NEW BUSINESS INCORPORATIONS ON RECORD PACE

Vol. 13 No. 3, September 2000

Larger business initial filings have accelerated this year with overall growth ahead of last year's level by 4.5 percent. Through July, there were 22,227 new domestic business incorporations registered in Illinois, a gain of 948 over last year's record pace. Other than the January and July filings, the other months have posted business incorporations above 3,000, themselves a record of five consecutive high months.

The Champaign-Urbana and Decatur metropolitan areas posted the largest percentage increases in payroll jobs, each up 1.8 percent compared to the previous July, according to data provided by the Illinois Department of Employment Security. It also reported that employment in the nine-county Chicago area rose 0.9 percent, producing 38,800 more jobs during the one-year period.

The 46.5 August reading of the Chicago Purchasing Managers' Index should be reviewed in comparison to data from the past five years. In four of those years, the monthly level dipped briefly into the 40's contraction range. Yet the state experienced industrial expansion in all of the five years. Next month's data should provide additional directional information. An important category of the overall index, the "prices" component, declined to 58.6 in August from 70 the previous month, signifying decreasing industrial cost pressure.

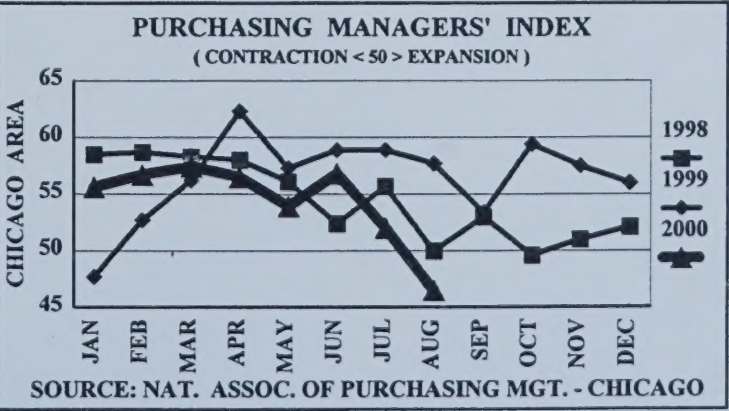
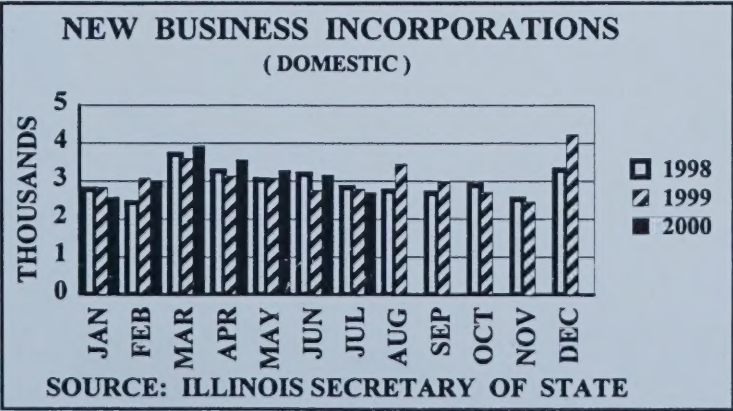
The University of Illinois Flash Index of Economic Growth declined to 102.3 in August from 102.6 the previous month. The U. of I. economists reported that both sales tax and individual income tax receipts-measuring consumer spending-were up in August from a year ago, while corporate tax receipts declined in real (inflation-adjusted) terms.

Note: This report and previous editions, along with other economic data and information about business resources, may be accessed from the Department's Web site at: www.commerce.state.il.us/.

RECENT INDICATORS

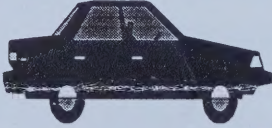
Unemployment Rate (July-SA)	4.3%
Consumer Price Index (July-Chicago Area All Urban)	3.0%
Gross State Product-Real (1st Quarter '00 Change-SA AR)	0.7%
Total Personal Income (1st Quarter '00 Change-SA AR)	2.3%
Labor Force Employed (July-SA)	6,150,631
Employment Change (Since June '99-SA)	+13,456
Purchasing Managers' Index (August-Chicago-SA)	46.5
Retail Sales (6 mo. '99-'00-SA)	6.7%
Exports (6 mo. '99-'00)	2.4%

SA-Seasonally Adjusted
AR-Annual Rate



AUTOMOTIVE ASSEMBLY PLANTS BY STATE

Illinois is a major producer of automobiles with several large assembly plants located in the state. DaimlerChrysler Corporation operates a facility in Belvidere which produces the Neon. Ford Motor Company has a car assembly plant in Chicago which manufacturers the Taurus and Sable. Mitsubishi Motor Manufacturing of America Incorporated assembles the Sebring, Avenger, Eclipse and Galant at its Normal plant. For the 1999 model, these three facilities produced 639,508 automobiles, placing third among the states. There are no truck assembly plants in Illinois. Sport Utility Vehicles (SUV's) are included in the truck classification.

AUTOMOBILE ASSEMBLIES BY STATE - 1999 MODEL			
RANK	STATE	FACILITIES	ASSEMBLIES
1	MICHIGAN	11	1,777,913
2	OHIO	3	1,071,654
3	ILLINOIS	3	639,508
4	TENNESSEE	2	405,882
5	KENTUCKY	2	390,083
6	KANSAS	1	272,368
7	OKLAHOMA	1	249,413
8	GEORGIA	1	243,842
9	CALIFORNIA	1	210,726
10	MISSOURI	1	152,918
11	INDIANA	1	93,070
12	DELAWARE	1	83,942
13	SOUTH CAROLINA	1	50,806
 TOTAL		29	5,642,125

SOURCE: AUTOMOTIVE NEWS, 2000 Market Data Book

ILLINOIS HIGHLIGHTS

- The state recently launched it's \$1.9 billion infrastructure improvement VentureTECH program which will facilitate high-tech growth in Illinois. The diverse plan includes funding for: new buildings at the University of Illinois for the National Center for Supercomputing Applications and a new Computer & Engineering Building; a new DuPage County Technology Park; a new Technology Incubator and other expansions at the Chicago Technology Park; and Illinois Technology Enterprise Corporation Centers.
- A state record of more than \$533 million in venture capital funding was invested in 41 Illinois firms during the second quarter, according to a recent report by Pricewaterhouse Coopers.
- The U.S. Army recently transferred over 2,000 acres of the former Joliet Arsenal to be used for private development. Included in the agreement were commitments to develop a 600-acre intermodal rail-truck transfer facility by the Burlington Northern-Santa Fe Railroad and a 1,700 acre Deer Run industrial park.

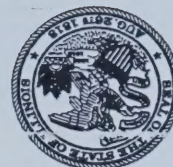
WEFA'S - AUGUST U.S. ECONOMIC FORECAST SUMMARY

- The forecasting firm reports that it expects the national economy to expand 5.3 percent this year and slow to 3.7 percent in 2001.
- WEFA estimates that the Federal Reserve will raise interest rates 0.5 percent more this year.
- It predicts that there will be no tax cuts this year, and that any bill which repeals the inheritance tax will be vetoed.
- WEFA anticipates that legislation subsidizing prescription drug costs for seniors will be enacted into law next year.
- It foresees relatively favorable near term inflation trends as energy prices fall, with only a slight increase in core rates.
- WEFA forecasts that the dollar will weaken against major foreign currencies over the next few years.

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RECORD CORN AND SOYBEAN YIELDS FORECAST

Vol. 13 No. 4, October 2000

Record corn and soybean yields are predicted by the Illinois Agricultural Statistical Service. It estimates that this year's corn crop will produce 158 bushels per acre, two bushels above the 1994 high. If realized, the total state output would be 1.75 billion bushels. The soybean yield is forecast at 47 bushels per acre, 1.5 bushels larger than the 1994 record. Overall soybean production is expected to total 482 million bushels. The record yield has noticeably lowered corn prices.

The August employment level in the state rose to 6,167,351, 16,000 above the previous month, according to a report by the Illinois Department of Employment Security. It related that the monthly statistics reflect the stability of the Illinois economy as it continues its eighth year of expansion, marked by a steadily growing number of full-time employment opportunities.

Illinois continues to have the fourth largest state economy, according to a September report by the U.S. Department of Commerce. It placed California, New York and Texas at the top of its list. Illinois' gross state product rose to over \$425 billion in 1998, or \$416 billion in real (inflation adjusted) dollars. In that year, the state's economy grew 4.8 percent, larger than the 3.9 percent that had been previously reported.

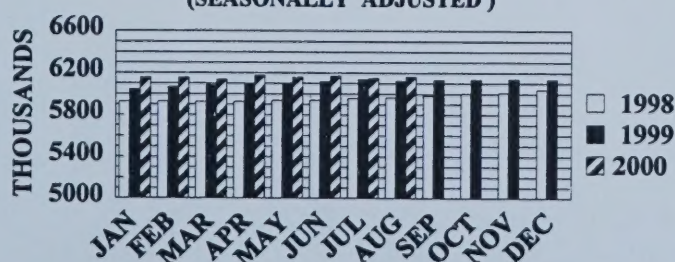
A summary of the latest state and county demographic/economic data is readily available from the U.S. Census on their "QuickFacts" Web site. Located at: <http://www.census.gov/qfd/>, the site provides concise information and useful links to more detailed data about these areas.

RECENT INDICATORS

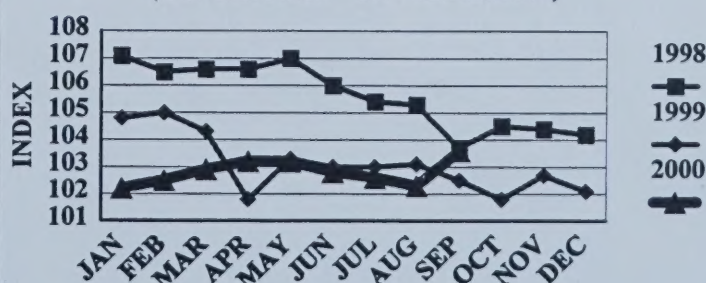
Unemployment Rate (August-SA)	4.2%
Consumer Price Index (August-Chicago Area All Urban)	2.5%
Gross State Product-Real (1st Quarter '00 Change-SA AR)	0.7%
Total Personal Income (1st Quarter '00 Change-SA AR)	2.3%
Labor Force Employed (August-SA)	6,167,351
Employment Change (Since August-'99-SA)	+41,356
Purchasing Managers' Index (September-Chicago-SA)	51.4
Retail Sales (7 mo. '99-'00-SA)	6.3%
Exports (7 mo. '99-'00)	1.2%

SA-Seasonally Adjusted
AR-Annual Rate

The University of Illinois Flash Index of Economic Growth jumped to 103.6 in September from 102.3 the previous month. It was the highest single-month Index gain in almost two years, led by robust growth in corporate receipts. Consumer spending and personal income also were up. The U. of I. economists reported that the reading suggests the Illinois economy is strong despite the spike in gasoline and oil prices.

EMPLOYMENT IN ILLINOIS
(SEASONALLY ADJUSTED)

SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

U of I "FLASH INDEX"
(CONTRACTION < 100 > EXPANSION)

SOURCE: UNIVERSITY OF ILLINOIS

LARGEST EMPLOYERS IN ILLINOIS

There has been little change in the top in-state employers' list over the past four years. The top ten organizations have remained the same. Within these, the U.S. Postal Service exchanged positions with the Chicago School Board, and Wal-Mart moved from 10th to 8th during the past two years. New additions to the top in-state employers list are the Archdiocese of Chicago, Northwestern University and Deere & Company.

The listing of the top employers within the state was derived from a variety of sources. Both private and public data bases were utilized with the primary information provided by the Dun & Bradstreet Corporation. In some instances, organizations were contacted directly to verify employment levels. The employment estimates are rounded to hundreds and also reflect the total for organizations with multiple locations in Illinois.

2000 TOP IN - STATE EMPLOYERS		
POSITION	ORGANIZATION	EMPLOYEES
1	State of Illinois (excluding universities)	84,000
2	U. S. Government (excluding Postal Service)	49,500
3	U. S. Postal Service	46,600
4	Chicago School Board	45,000
5	City of Chicago	41,700
6	Jewel/Osco (Albertson)	38,900
7	Caterpillar	30,700
8	Wal-Mart	27,100
9	County of Cook	26,900
10	Motorola	26,800
11	University of Illinois	26,400
12	Advocate Health Care	22,000
13	Sears	20,600
13	United Parcel Service	20,600
15	Ameritech (SBC)	20,000
16	Dayton Hudson (Marshall Fields/Target)	19,200
17	Dominicks Finer Foods	18,000
18	Bank One	17,500
19	Archdiocese of Chicago	16,900
19	UAL	16,900
21	Kmart	16,700
22	Abbott Laboratories	15,300
23	Unicom (Commonwealth Edison)	15,200
23	Walgreen	15,200
25	State Farm Insurance	13,500
26	University of Chicago	13,000
27	American Airlines	12,200
28	Allstate	12,000
29	Northwestern University	11,700
30	Deere & Company	11,400
31	Chicago Transit Authority	10,900
32	Lucent Technologies	10,600

ILLINOIS HIGHLIGHTS



- Ford Motor Company recently announced that it has selected Chicago's Southeast Side for its 1,000 jobs (800 will be new employees) automotive supplier manufacturing campus. The new \$400 million industrial park will be built on a 155-acre manufacturing campus a half-mile east of Ford's existing assembly plant.
- Over 30 million people visited Chicago last year, an increase of 2 million above the previous year. Travel and tourism had a \$9 billion economic impact on the Chicago area in 1999.
- Illinois high school students' 3.26 average in the Advanced Placement exams earned them the third spot among the states. The recently released score was above the 2.97 national figure.

STANDARD & POOR'S DRI - SEPTEMBER U.S. FORECAST SUMMARY

- The forecasting firm reports that it expects that the national economy will cool to a 3.5 percent growth rate.
- DRI relates that at near \$30 per barrel, oil prices appear unlikely to cause a world recession.
- It adds that although employment costs have accelerated, they have been balanced by productivity growth.

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QUARTERLY PERSONAL INCOME SURGES IN STATE

Vol. 13 No. 5, November 2000

In late October, the U.S. Department of Commerce reported that Illinois' second quarter 2000 personal income grew at an 8 percent annualized rate. Total personal income reached \$397.4 billion, for a \$21.4 billion gain from a year ago. Among the industrial categories, construction income led the advance from a year ago with a 13.8 percent increase, followed by transportation and public utilities with a 10.1 percent rise.

The number of people employed in Illinois rose to a new record of 6,184,000 in September, according to the Department of Employment Security. It reported that the number of workers increased by 15,500 since the previous month. Employment gains since last September occurred in business services with 22,800 additional jobs, the retail trade with 7,800 and the transportation and public utilities sector with 5,600.

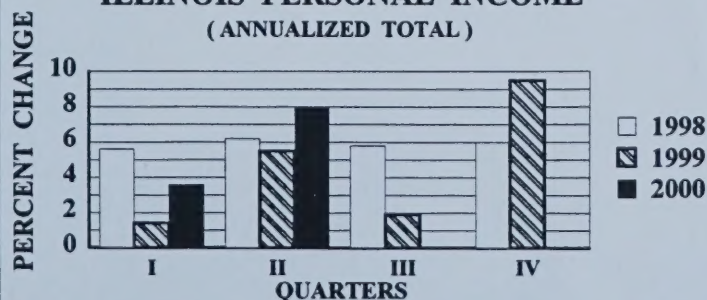
Despite higher interest rates, construction is having a reasonable year as it nearly equaled last year's record building pace through August. Including September, overall construction contracts are off 4.3 percent, after having been down by a double-digit percentage earlier in the year. The majority of the growth has been in the nonbuilding (infrastructure improvements) sector, which is up 15.7 percent for the year. Residential contracts are down 4.7 percent and nonresidential (commercial, administrative, etc.) have declined 15.7 percent year-to-date.

New business incorporations in Illinois are close to last year's record pace. With 27,702 domestic filings through September, the total is just 4 incorporations below the level of a year ago. Several strong filing months in the Spring and early Summer boosted the state's year-to-date total.

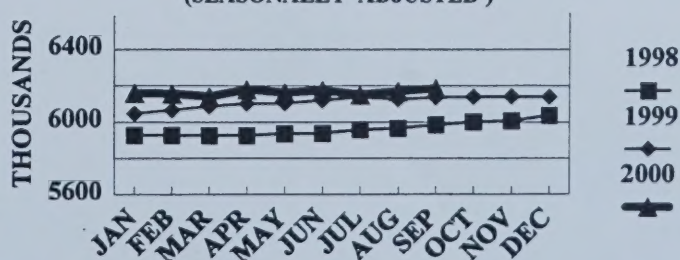
The University of Illinois Flash Index of Economic Growth decreased to 102.8 in October from 103.5 the previous month. The U. of I. economists reported that Illinois is experiencing a gradual slowing of economic growth, similar to recent national trends indicating reduced rates of economic expansion.

RECENT INDICATORS

Unemployment Rate (September-SA)	4.4%
Consumer Price Index (September-Chicago Area All Urban)	3.0%
Gross State Product-Real (2nd Quarter '00 Change-SA AR)	6.2%
Total Personal Income (2nd Quarter '00 Change-SA AR)	8.0%
Labor Force Employed (September-SA)	6,183,804
Employment Change (Since September-'99-SA)	+48,398
Purchasing Managers' Index (October-Chicago-SA)	48.7
Retail Sales (8 mo. '99-'00-SA)	5.7%
Exports (8 mo. '99-'00)	2.2%

SA-Seasonally Adjusted
AR-Annual RateILLINOIS PERSONAL INCOME
(ANNUALIZED TOTAL)

SOURCE: U.S. DEPARTMENT OF COMMERCE

EMPLOYMENT IN ILLINOIS
(SEASONALLY ADJUSTED)

SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

ILLINOIS FIRMS EXCEL ON FAST - GROWTH LIST

Inc. magazine's list of the "500 Fastest-Growing Private Companies in America" included 27 Illinois firms in their 2000 edition, up from 23 the previous year. The publication's guidelines noted that the selected companies must have been independent and privately held through the 1999 fiscal year, must have had at least \$200,000 in base year sales, and must have shown a sales increase from 1998 to 1999. The 27 state firms are from a variety of industries, with computer, communications and staffing businesses being the most prevalent.

FASTEST - GROWING PRIVATE COMPANIES IN ILLINOIS

(2000 INC. Magazine 500)

INC. 500 RANK	COMPANY	LOCATION	SALES GROWTH 1995 - 1999 %	PRODUCT DESCRIPTION	YEAR EST.
1	Parson Group	Chicago	27,992	Accounting/Financial	1995
6	Lakeshore Staffing	Chicago	7,903	Staffing Services	1995
22	Product Development Technologies	Lincolnshire	4,814	Engineering/Tooling	1995
25	PrairieComm	Rolling Meadows	4,566	Wireless Development	1994
36	Stopka and Associates	Lincolnshire	3,904	IT Consulting Servs.	1995
57	Wav	West Chicago	2913	Wireless Distributor	1990
73	Angel Sales	Chicago	2,510	Consumer Imports	1994
91	Aquascapes Designs	Batavia	2,221	Waterfalls Systems	1993
117	Team Fenex	Sandoval	1,886	Mfrs. Power Equip.	1993
137	SupplyCore.com	Rockford	1,688	Internet Services	1987
161	Comnet International	Lisle	1,435	Software Services	1994
214	Icon Mechanical Constr. & Eng.	Granite City	1,134	Computer Systems	1995
253	ThoughtWorks	Chicago	994	IT Consulting Servs.	1993
302	HyperEdge	Itasca	881	Telephone Equipment	1992
322	Heartland Home Finance/Mortgage	Itasca	841	Mortgage/Brokerage	1988
352	Johnson & Michaels	Elmhurst	775	Computer Consulting	1993
364	Rodbard & Associates	Chicago	748	Financial Consulting	1988
396	Prairie City Bakery	Vernon Hills	673	Frozen Bakery Goods	1993
412	North Shore Networking	Northbrook	651	Data/Comm. Services	1992
415	Kiferbaum Construction	Deerfield	646	Design/Construction	1994
416	Imagecom	Arlington Heights	645	Systems integration	1990
420	Hub Group Distribution Services	Arlington Heights	641	Logistics Management	1990
431	Installation Software Technologies	Schaumburg	616	Develops Software	1987
462	Taylor Studios	Rantoul	580	Museum Exhibits	1991
467	Interface Software	Oak Brook	574	Develops Software	1991
494	Sourcebooks	Naperville	542	Publishes Books	1987
498	Tempstaff	Palatine	538	Staffing Services	1994

ILLINOIS HIGHLIGHTS



- **Fortune** magazine's recent list of "The World's Most Admired Companies" included 17 Illinois firms. They are shown as they appeared by category: UAL, Motorola, Walgreen, Sara Lee, Archer Daniels Midland, Caterpillar, Deere, State Farm Insurance, Allstate, Illinois Tool Works, Fortune Brands, Abbott Laboratories, Tribune, R.R. Donnelley & Sons, Sears Roebuck, AON and Household International.
- The Nobel Prize in economics this year was won by James J. Heckman of the University of Chicago and Daniel L. McFadden of the University of California at Berkeley. Heckman is the 21st scholar who has worked or studied at the University of Chicago to win the economics prize since its inception in 1968.
- Medline Industries recently announced that it will expand its current facility in Mundelein. The project will result in 243 new jobs and the retention of 920 current workers for the health care supplies manufacturer.

WEFA'S - OCTOBER U.S. ECONOMIC FORECAST SUMMARY

- The forecasting firm reports that it expects the oil shock to hit consumers, along with higher natural gas and electricity prices, but not cause a U.S. recession. It also predicts that the export boom will slacken.

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Illinois Department of Commerce and Community Affairs

ILLINOIS ECONOMIC BULLETIN



George H. Ryan - Governor



Pam McDonough - Director

ILLINOIS ECONOMIC BULLETIN

3.9 PERCENT JOBLESS RATE - 26 YEAR LOW

Vol. 13 No. 6, December 2000

Employment in Illinois topped a record 6.2 million and the number of unemployed fell to a 26-year low of 254,000, according to the Illinois Department of Employment Security. The report noted that the jobless rate dropped one half of a percentage point to 3.9 percent in October. The IDES related that the record job growth was led by gains in the Transportation-Public Utilities sector, Services and Construction.

Retail sales leveled off in September at 5.8 percent year-to-date growth. Through the first nine months of this year, overall receipts have exceeded \$100 billion. This is a \$5.5 billion gain over last year's pace, with the all-important holiday season underway. A recent report by the Illinois Department of Employment Security noted the ongoing effort to attract retail employees in many areas of the state.

Residential building permits in Illinois continue ahead of last year's pace due to the strong start that began early in the year. Through the first nine months, the total number of filings reached 40,626. This was a 836-unit increase over last year, for a 2.1 percentage gain during the period. Permit applications began to moderate during the middle of the year as overall construction activity has abated recently.

Illinois' exports remained positive through the third quarter, with an overall gain of 1.7 percent. Total shipments are up \$377 million from a year ago as commodity goods (non-manufactured) have been pacing the growth. Illinois' \$25 billion year-to-date amount is the sixth largest among the states, and the total is fairly close to the state above it.

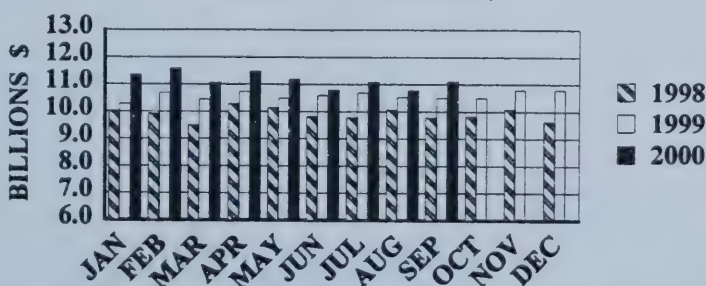
RECENT INDICATORS

Unemployment Rate (October-SA)	3.9%
Consumer Price Index (October-Chicago Area All Urban)	3.4%
Gross State Product-Real (2nd Quarter '00 Change-SA AR)	6.2%
Total Personal Income (2nd Quarter '00 Change-SA AR)	8.0%
Labor Force Employed (October-SA)	6,203,766
Employment Change (Since October-'99-SA)	+64,843
Purchasing Managers' Index (November-Chicago-SA)	41.7
Retail Sales (9 mo. '99-'00-SA)	5.8%
Exports (9 mo. '99-'00)	1.7%

SA-Seasonally Adjusted
AR-Annual Rate

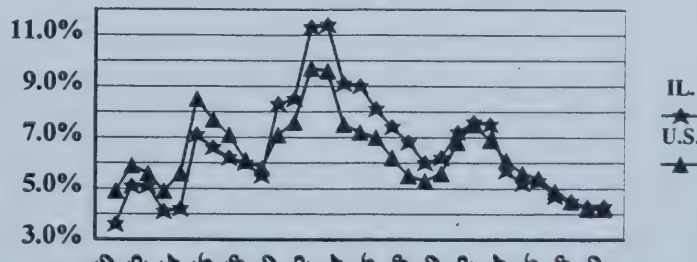
The University of Illinois Flash Index of Economic Growth decreased to 101.9 in November from 102.8 the previous month. The U. of I. economists reported that while the state economy still shows positive growth, the latest figure is a clear indication that the economy is running down after a decade of steady expansion. It added that it should be emphasized that there is no evidence of a recession.

ILLINOIS RETAIL SALES
(SEASONALLY ADJUSTED)



SOURCES: IL. DEPTS. OF REVENUE / DCCA

UNEMPLOYMENT RATES
(ANNUAL)



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

TOP TECHNOLOGY MANUFACTURING INDUSTRIES IN ILLINOIS

A national directory by CorpTech* lists 2,154 Illinois firms in its 2000 edition of companies with under 1,000 employees. The publication notes that “within the high-tech industry, the greatest activity comes from the emerging companies with under 1,000 employees.” Their report provides data only on these businesses.

The number of firms in the Computer Software industry is the largest category in both Illinois and the nation. Subassemblies and Components are the next largest segment in the state, followed by Factory Automation in Illinois. The state’s top 15 industries are listed below, along with their percentage shown in the CorpTech* directory. In the “Percent of US Tech.Firms” column, the percentages are for US firms’ totals only.

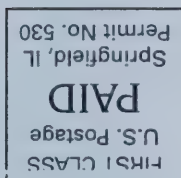
TOP TECHNOLOGY MANUFACTURING INDUSTRIES IN ILLINOIS				
Rank	Industry	Illinois Firms	Percent of Il. Tech. Firms	Percent of US Tech. Firms
1	Computer Software	370	17.2	19.2
2	Subassemblies & Components	268	12.4	11.1
3	Factory Automation	222	10.3	7.3
4	Telecommunications and Internet	204	9.5	11.9
5	Computer Hardware	125	5.8	7.0
6	Test and Measurements	116	5.4	5.8
7	Manufacturing Equipment	109	5.1	6.9
8	Environmental	94	4.4	4.9
9	Advanced Materials	89	4.1	4.4
10	Medical	74	3.4	4.6
11	Chemicals	58	2.7	2.3
12	Photonics (lasers, fiber optics, etc.)	53	2.5	2.7
13	Biotechnology	38	1.8	2.3
14	Energy	34	1.6	2.4
15	Pharmaceuticals	28	1.3	1.5
-	Other (defense, transportation, etc.)	-	12.5	5.7
Total		2,154	100	100
Source: Corporation Technology Directory 2000, Tabulation by DCCA.				

ILLINOIS HIGHLIGHTS

- Illinois placed highly in Site Selection magazine’s latest ranking of the states with the best “business climate.” The state was rated third in the “Overall Ranking” and selected third by a “Corporate Survey.”
- Fortune magazine’s latest list of the “100 Fastest-Growing Companies” in the U.S. included five Illinois firms. Three of the companies were ranked among the top ten. Included in this year’s total were: Salton of Mount Prospect (6), Diamond Technology Partners of Chicago (9), Stericycle of Lake Forrest (10), CDW Computer Centers of Vernon Hills (94) and Tellabs of Lisle (95).
- It was recently announced that the State of Illinois was opening up a new trade office in Shanghai, China. This will add to the eight other regional trade and investment offices in Brussels, Hong Kong, Tokyo, Mexico City, Warsaw, Budapest, Toronto, and Johannesburg that are operated by DCCA.

STANDARD & POOR’S DRI - NOVEMBER U.S. ECONOMIC FORECAST

- The forecasting firm reports that it does not expect the presidential election to have a large impact on its forecast as it feels both major candidates have programs that are fairly similar and neither would pass Congress in their proposed form.
- DRI notes that the sharp slowdown in the third quarter Gross Domestic Product (GDP) was entirely the result of swings in inventories and federal spending, which kept the second quarter GDP higher.
- It adds that there is little sign of inflation outside the energy sector, which it expects to decrease by Spring.



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ILLINOIS ECONOMIC BULLETIN



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ILLINOIS ECONOMIC BULLETIN

EXPANSIVE ECONOMIC GROWTH IN 2000

Vol. 13 No. 7, January 2001

As a new year commences, it's encouraging to note the excellent economic year that the state experienced last year. Almost all indicators were positive as shown by the latest data in the adjoining "RECENT INDICATORS" box. Some 2000 annual figures will not become available until the middle of the year, but two private forecasting firms estimate that Illinois' Gross State Product will average 4.4 percent to 4.6 percent real growth. Several economic predictions are shown on the reverse side of this report, and they forecast continued growth for the state in 2001.

Consumer prices in the Chicago area rose at a 4 percent annual rate in November as energy prices continue to impact the Local Index. As expected, utility natural gas service costs jumped noticeably, with gasoline prices also increasing substantially from their year-ago level. Nationally, the U.S. Index followed a similar pattern, with fuel oil expenses and medical costs more pronounced than in the Chicago area.

The number of farms in Illinois has remained steady at 79,000 over the last four years, according to the Illinois Department of Agriculture. Its latest statistics book reported that the total land in farms decreased slightly in 1999 to 27.7 million acres from 27.8 million acres the previous year. It also noted that the average farm size was down an acre to 351 acres during that year. The average value per acre in the state reached its highest level in 1999 at \$2,250, topping the previous record of \$2,188 an acre which was set in 1981.

The University of Illinois Flash Index of Economic Growth registered 101.8 in December from 101.9 the previous month. The U. of I. economists reported that "the economy is still growing and nothing indicates a recession." Their Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending and personal income. An Index reading above 100 indicates that the state's economy is expanding.

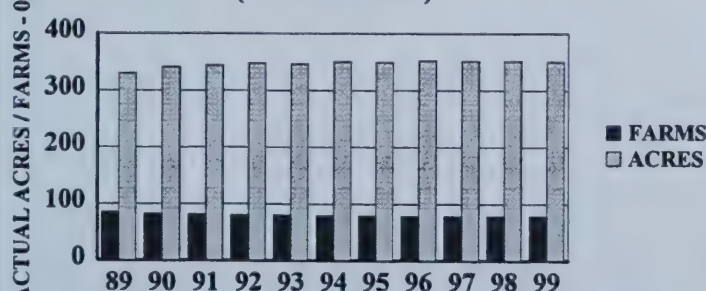
RECENT INDICATORS

Unemployment Rate (November-SA)	4.4%
Consumer Price Index (November-Chicago Area All Urban)	4.0%
Gross State Product-Real (2nd Quarter '00 Change-SA AR)	6.2%
Total Personal Income (2nd Quarter '00 Change-SA AR)	8.0%
Labor Force Employed (November-SA)	6,143,341
Employment Change (Since November-'99-SA)	+2,503
Purchasing Managers' Index (December-Chicago-SA)	44.7
Retail Sales (10 mo. '99-'00-SA)	5.9%
Exports (10 mo. '99-'00)	2.3%

SA-Seasonally Adjusted
AR-Annual Rate

FARMS IN ILLINOIS

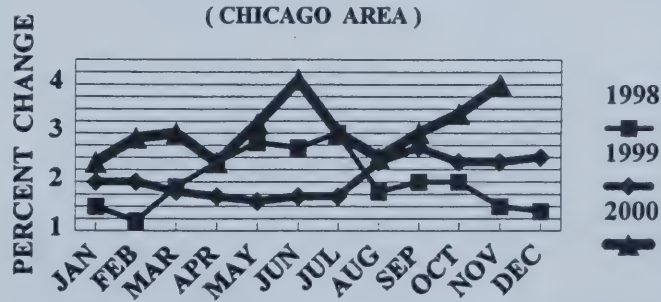
(IN THOUSANDS)



SOURCE: IL. DEPT. OF AGRICULTURE

CONSUMER PRICE INDEX

(CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

2001 ILLINOIS ECONOMIC FORECASTS

Economic forecasting services are predicting continued growth for the state in 2001. Standard & Poor’s *DRI* expects a moderating 3.4 percent Gross State Product (GSP) increase, while the WEFA Group estimates Illinois’ real GSP will average 2.5 percent this year. The personal income forecasts of these two services range from a 5.7 percent rise to 4.4 percent growth. *DRI* and WEFA foresee moderate overall employment gains (there are wide directional variations in the forecasts of manufacturing job growth/decline, however) and relatively low unemployment rates of 4.7 percent to 4.0 percent by the two private forecasting firms. *DRI* anticipates a modest 1.9 percent increase in consumer prices in 2001, while WEFA is predicting that retail sales will grow 6.8 percent this year.

The 2000 forecasts made by these firms last year were once again too low as the Illinois economy and the national economy outperformed most predictions. In particular, the Gross State Product (when the data becomes available at mid-year) should end 2000 well above the level that was estimated by these organizations. In summary, the Illinois economy performed better than the forecasts had predicted.

ILLINOIS ECONOMIC FORECASTS FOR 2001		
CATEGORY	DRI	WEFA
GROSS STATE PRODUCT (REAL)	3.4%	2.5%
PERSONAL INCOME	5.7%	4.4%
NONAGRICULTURAL EMPLOYMENT GROWTH	57,300	52,000
MANUFACTURING EMPLOYMENT GROWTH	-9,600	4,000
UNEMPLOYMENT RATE	4.6%	4.0%
CONSUMER PRICE INDEX (CHICAGO AREA)	1.9%	NA
RETAIL SALES	NA	6.8%
Sources: Standard & Poor’s <i>DRI</i> division of The McGraw-Hill Companies The WEFA Group		

ILLINOIS HIGHLIGHTS



- Chicago ranked third in the number of high-tech workers according to a recent report by AeA, a technology-based trade group which was formerly known as the American Electronics Association. It noted that the City had 180,400 technology workers that were employed at 7,114 companies during 1998.
- The Pampered Chef Ltd. recently announced that it plans to construct a 780,000 square foot facility in Addison. The new building will house its corporate headquarters along with warehouse and distribution space, which is expected to result in as many as 500 new full-time jobs in the next few years.
- Illinois received an “A” in several categories on a report which reviewed high school student training. Prepared by the National Center for Public Policy and Higher Education, the state was given the top grade for preparation, participation and affordability. It received a C+ for completion and a B- for benefits.

WEFA’S - DECEMBER U.S. ECONOMIC FORECAST SUMMARY

- The forecasting firm reports that it expects real Gross Domestic Product growth of about 3 percent in 2001.
- WEFA projects an annual productivity gain of 2.9 percent, which it sees holding down inflation this year.
- It estimates that the Consumer Price Index will average 2.5 percent, as energy costs eventually fall.
- WEFA predicts that housing starts will decrease to a 1.45 million rate, reducing house-related spending.
- It forecasts that the Federal Reserve will reduce interest rates twice, beginning in the second quarter.
- WEFA anticipates that international exports may slow a bit this year.

Note: This report, previous editions and other economic data may be found on the Department’s Web page at: <http://www.commerce.state.il.us/>

Editor’s addendum: Starting this month, Dan Fultz will be the new editor of this report. Please address all inquiries to him. Thanks for all the comments and suggestions that have been sent in the past. Best wishes for a prosperous 2001! Illinois is a fine state in which to retire! Larry Michaud.

DEPOSITORY

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Illinois Department of Commerce and Community Affairs

ILLINOIS ECONOMIC BULLETIN



George H. Ryan - Governor

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ILLINOIS ECONOMIC BULLETIN

NEW BUSINESS INCORPORATIONS SET RECORD IN 2000

Vol. 13 No. 8, February 2001

The number of new domestic businesses seeking incorporation in Illinois increased in 2000 to 37,552, a 1.23% increase over 1999. This is an indication that Illinois continues to be a desirable place to locate a new business.

Payroll jobs increased from year-ago levels in seven of Illinois' 10 metro areas, with Bloomington-Normal and Kankakee setting new records. Overall, jobs in the diverse Services sector were up in nine of the 10 metro areas, while eight experienced job growth in the Retail Trade sector.

Illinois property tax collections totaled \$14.6 billion in 1999, an increase of only 4.2% over taxes collected in 1998. This extends a four-year trend of record lows in rates of growth. During 1998, the equalized assessed value for all property in Illinois totaled \$182.7 billion, a 5.1% increase over 1997 tax levels.

Overall, tax receipts are up in Illinois through the first half of the fiscal year. Personal income tax receipts are up \$179 million, while corporate revenues are ahead by \$68 million.

Illinois manufacturing exports turned positive in November, increasing by 0.4% YTD over the same 11-month period in 1999. This increase is particularly significant in that Illinois manufacturing exports have been on the decline in recent years. (See table below.)

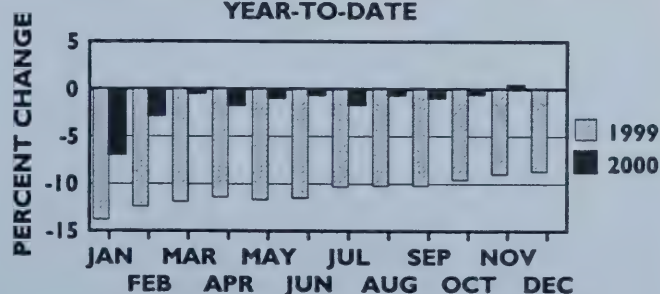
The University of Illinois Flash Index of Economic Growth registered 101.3 in January, down from 101.8 the previous month, thus confirming that the Illinois economy is experiencing a slowdown. In Illinois and nationally, the concern is whether the slowdown will lead to a downturn or a recession. The U of I index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. An index reading above 100 indicates that the State's economy is still expanding. (See table below.)

RECENT IL INDICATORS

Unemployment Rate (December-SA)	4.8%
Labor Force Employed (December)	6,008,500
Employment Change (Since December-'99)	+53,300
Consumer Price Index (December-Chicago Area All Urban)	3.9%
Purchasing Managers' Index (January-Chicago-SA)	40.2
Retail Sales (11 mo. '99-'00-SA)	5.6%
Total Exports (11 mo. '99-'00)	3.4%

SA-Seasonally Adjusted
AR-Annual Rate

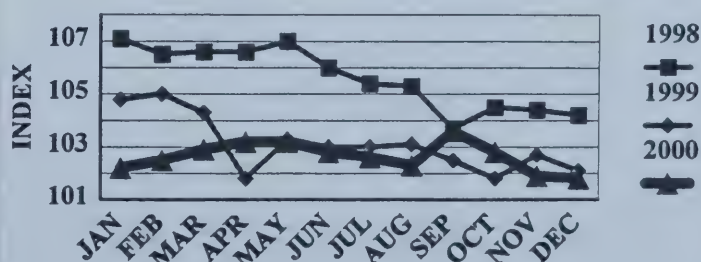
ILLINOIS MANUFACTURING EXPORTS GROWTH YEAR-TO-DATE



SOURCE: U.S. DEPARTMENT OF COMMERCE

U of I "FLASH INDEX"

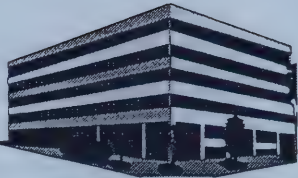
(>100=Economic Expansion & <100=Economic Contraction)



SOURCE: UNIVERSITY OF ILLINOIS

TYPES OF LARGEST EMPLOYERS IN EACH COUNTY

In 89 of Illinois' 102 counties, public schools (grades K-12) were the most frequent entries among that area's top 15 largest employers. Other employers commonly on the list were county governments and hospitals. The tabulations listed below were derived from an update of the "Top 15 Employers List" that was recently prepared by DCCA for each county in Illinois.



The table below provides a quick reference to the major organizations that influence a county's economy. Many employers had multiple locations in a particular county, which were consolidated to provide an area total. The tabulations were primarily derived from a Dun & Bradstreet database, with other state and local resources utilized to verify the employment totals.

TOP COUNTY EMPLOYERS BY CATEGORY		
POSITION	ORGANIZATION/ENTITY	COUNTIES
1	PUBLIC SCHOOLS	98
2	COUNTY GOVERNMENT	87
3	HOSPITALS	81
4	NURSING HOMES	49
5	WAL-MART	49
6	GROCERY STORES	40
7	COLLEGES/UNIVERSITIES	38
8	CITY GOVERNMENT	31
9	CORRECTIONAL CENTERS	27
10	RESTAURANTS	21
11	WHOLESALE/DISTRIBUTORS	17

ILLINOIS HIGHLIGHTS



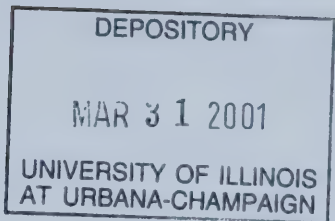
- Illinois placed first in a recent comprehensive evaluation of higher education in all 50 states, which was conducted by the National Center for Public Policy and Higher Education. States were evaluated in five major areas: preparation, participation, affordability, completion, and benefits.
- Illinois once again won a federal performance bonus for its efforts in moving people from welfare to work. It was recently announced that the State will receive an additional \$16.7 million for its success in the categories of job placement and job success. Illinois and three other states were repeat award winners.
- According to **Fortune** magazine, three Illinois firms were among the top 100 "Best Companies in America to Work For." They are CDW Computer Centers of Vernon Hills (11th), Arthur Andersen of Chicago (67th), and Tellabs of Lisle (81st).
- Chicago ranked 15th among cities worldwide as "the best poised to reap the economic benefits of the new Internet economy." The study was undertaken by The Association of Foreign Investors in Real Estate, which reviewed the location's sense of place, natural beauty, transportation system, and 24-hour lifestyle needed to attract the creativity and brain power that undergirds the new economy.

STANDARD & POOR'S DRI - JANUARY U.S. ECONOMIC FORECAST EXCERPTS

- DRI foresees a slowdown in GDP growth from 5.1% in 2000 to 2.5% in 2001. However, a slowdown should be kept in perspective. A soft landing implies a year of growth at least one percentage point below trend. A 2.5% growth rate, although barely half the 2000 rate, is almost exactly the needed slowdown.
- Nonetheless, the forecasting firm reports that the odds of a recession occurring in 2001 or 2002 are approaching even. Should the economy be hit with a major external shock--perhaps from the Middle East again--the anticipated economic slowdown will likely turn into a recession.

Note: This bulletin, along with previous editions, may be accessed at DCCA's Web site at: www.commerce.state.il.us.

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ILLINOIS ECONOMIC BULLETIN
 Illinois Department of Commerce and Community Affairs
 620 East Adams Street
 Springfield, Illinois 62701



George H. Ryan - Governor



Pam McDonough - Director

ILLINOIS ECONOMIC BULLETIN

TOTAL EMPLOYMENT CONTINUES TO RISE

Vol. 13, No. 9, March 2001

The labor force in Illinois increased in January by 6,200 to 6,074,700 people. While the unemployment rate bumped up just slightly, payroll jobs, as reported by a monthly survey of Illinois employers, continued to increase, with most major industry sectors recording employment gains from their year-ago levels.

Non-farm payroll jobs rose 60,000 from January of last year to a total of 5,944,300. Employment in the services sector increased 2.1 percent to a total of 1,827,600 jobs. Construction employment was up 10,600 to 242,800. Jobs in the transportation and public utilities sector rose 2.2 percent, gaining 7,800. Finally, retail trade employment increased by 13,500 to 992,900 jobs.

Manufacturing exports continue to play a significant role in Illinois' economy. The Federal Reserve Bank of St. Louis reports that Illinois exports grew by an average of 10.6 percent per year between 1988 and 1998. Exports represented 7.22 percent of Illinois' gross state product in 1998, up from 4.53 percent in 1998.

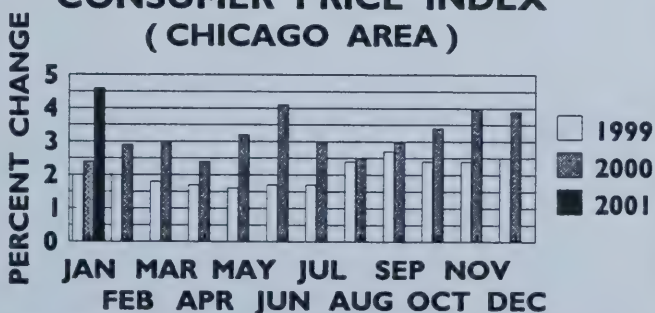
The University of Illinois Flash Index of Economic Growth registered 100.8 in February, down from 101.2 the previous month. It now stands at its lowest level since 1992. U of I economists reported that while the Index shows that the state's economy is approaching zero growth, it is not in a recession. A recession is commonly defined as two consecutive quarters of decline in business activity. On the brighter side, broad indexes of domestic purchases show that, despite the run-up of oil and gas prices in recent months, inflation nationwide is still under 2 percent. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

RECENT IL INDICATORS

Unemployment Rate (January '01-SA)	4.8%
Labor Force Employed (January '01)	6,074,700
Employment Change (Since January '00)	-91,600
Consumer Price Index (January '01-Chicago Area All Urban)	4.6%
Purchasing Managers' Index (February-Chicago-SA)	43.2%
Retail Sales (12 mo. '99-'00-SA)	4.8%
Total Export Growth ('99-'00)	3.8%

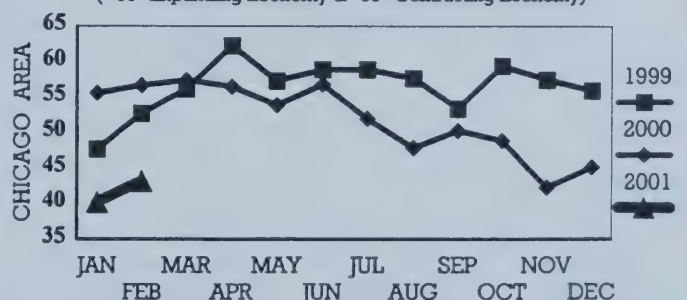
SA-Seasonally Adjusted
 AR-Annual Rate

CONSUMER PRICE INDEX (CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

Chicago Purchasing Managers' Index (>50=Expanding Economy & <50=Contracting Economy)



Source: National Association of Purchasing Managers—Chicago

WHAT ELIMINATION OF FEDERAL ESTATE TAXES WILL MEAN TO THE STATES

Death taxes provide a small, but significant, source of revenues to both the federal government and to states. Proposals to repeal the federal estate tax are expected to cost the federal government about \$50 billion in revenue per year. According to the Washington, DC-based Center on Budget and Policy Priorities, state losses would have been about \$5.5 billion if the repeal had been in effect in 2000 and would climb to \$9 billion by 2010 under the same scenario.

The estate tax is one of the more complicated state taxes, and its relationship to the federal estate tax makes it even more complex. Basically, the federal government levies an estate tax that applies mainly to very large estates. It allows a credit against federal taxes owed for state estate taxes paid. The size of the allowable credit varies by the size of the estate.

In 33 states, including Illinois, the state tax is set exactly equal to the maximum allowable federal credit for each estate. These states are known as states with a “pickup” tax only, as they levy no separate state death or inheritance tax. They collect tax revenues, but the total taxes owed by the estate are no different than if the state levied no tax at all (because of the offsetting reduction in federal liability). Since these states rely solely on the federal tax for their own tax collections, repeal of the federal tax would eliminate all the revenues they collect from the estate tax.

The table below lists the revenue these states collected from the estate tax in fiscal year 2000. The \$4.3 billion total reflects a general increase in the value of very large estates in recent years.

State Collections from Federal Estate Pickup Tax, FY 2000						
(dollars in millions)						
Rank	State	Amount		Rank	State	Amount
1	California*	\$937.0		18	Utah	\$65.1
2	Florida*	779.1		19	Kansas	62.9
3	Illinois*	360.0		20	Wyoming	50.8
4	Texas	249.1		21	Oregon	47.8
5	Michigan*	187.0		22	Maine	45.8
6	Massachusetts	166.5		23	South Carolina	42.7
7	Virginia*	165.6		24	Delaware	41.0
8	Georgia	155.0		25	Rhode Island	34.2
9	North Carolina*	152.7		26	Hawaii	22.8
10	Wisconsin	133.5		27	Arkansas	21.6
11	Missouri	132.7		28	West Virginia	22.6
12	Washington	86.9		29	New Mexico	16.1
13	Minnesota	82.5		30	Vermont	13.6
14	Arizona	80.6		31	Idaho	11.1
15	Nevada	76.7		32	North Dakota	6.1
16	Alabama*	68.0		33	Alaska*	1.8
17	Colorado	65.1				
*Projected revenues						

ILLINOIS HIGHLIGHTS

- Did you know that more conventions, exhibitions, and corporate meetings are held in Chicago than anywhere in the world, making the city the top stop in the U.S. for business travel?
- Or, that the Chicago Board of Trade, Chicago Mercantile Exchange, Chicago Board of Options Exchange, and Chicago Stock Exchange account for 80 percent of the world’s commodity trading?

WEFA - FEBRUARY 2001 U.S. ECONOMIC OUTLOOK

- Expect a relative business cycle contraction exceeding anything that has been seen in the last 50 years, excluding recessions, two quarters of about 1% GDP growth, and a mild recovery.
- Expect slight odds that the economy skirts a formal recession, but it is a close call.
- Expect near-term growth of about 1%.
- Expect productivity growth to slow sharply for cyclical reasons, but remain high enough at about 2% to weaken the labor markets.
- Expect the Fed to cut rates further to a Fed funds low of 4.75% by May.

Note: This bulletin, along with previous editions, may be accessed at DCCA’s Web site at: www.commerce.state.il.us.

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ILLINOIS ECONOMIC BULLETIN

PAYROLL JOBS CONTINUE TO RISE

Vol. 13, No. 10, April 2001

While the state's unemployment rate was up slightly over the month due in part to temporary layoffs, February employer payrolls continued to expand from their year-ago levels by more than 55,000 employees. Substantial gains were made in the construction (up 14,400 or 6.2 percent to 246,400) and transportation/public utilities sectors (up 8,500 or 2.4 percent to 356,100), while there was moderate growth in the services and retail trade sectors.

Both employment and unemployment rose from January levels, with the total number of people working in the state up 25,700 to 6,099,900, and total unemployment up 11,400 to 315,600. The state's labor force rose 37,100 to a total of 6,415,500 people.

General funds revenues continue to rise. The Illinois Economic and Fiscal Commission projects that general funds receipts in FY 2001 will total \$24.195 billion, up \$945 million or 4.1 percent over the prior fiscal year. The FY 2002 estimate is \$25.015 billion. The estimate represents a 3.4 percent increase over the FY 2001 estimate.

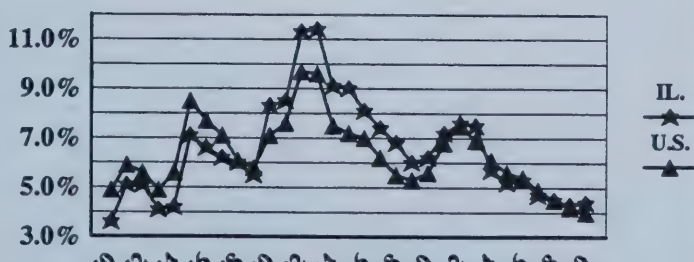
The University of Illinois Flash Index of Economic Growth registered 99.7 in March, down from 100.8 in February. This is the first time since November of 1992 that the Index has been below 100. While the March reading does not reflect the precipitous decline that struck Wall Street during the first quarter of 2001, it does mark a steady slowdown that has lowered Flash Index readings from 103.5 last September to 101.8 in December. A year ago, the Index stood at 102.7. U of I economists remind us that one month in the negative growth range does not constitute a recession, which is defined as two consecutive quarters of negative growth. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

RECENT IL INDICATORS

Unemployment Rate (February '01-SA)	4.9%
Labor Force (February '01-SA)	6,415,500
Labor Force Employed (February '01-SA)	6,099,900
Employment Change (Since February '00-SA)	-62,300
Consumer Price Index (February '01-Chicago Area All Urban)	4.1%
Purchasing Managers' Index (March-Chicago-SA)	35.0
Total Export Growth (Jan '00-Jan '01)	1.1%

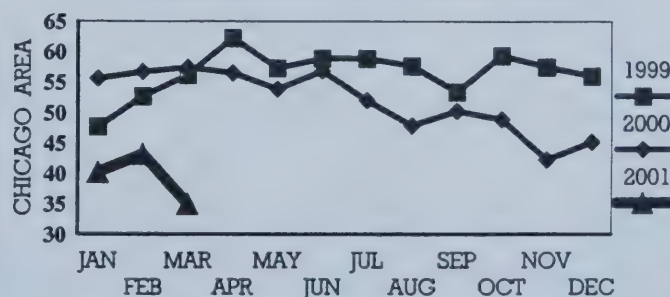
SA-Seasonally Adjusted
 AR-Annual Rate

UNEMPLOYMENT RATES
 (ANNUAL)



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

Chicago Purchasing Managers' Index
 (>50=Expanding Economy & <50=Contracting Economy)



Source: National Association of Purchasing Managers—Chicago

THE FEDERAL BALANCE OF PAYMENTS--IS IT BETTER TO GIVE THAN TO RECEIVE?

In his 2001 Budget Address to the Illinois General Assembly, Governor Ryan pledged to reduce the balance of payments between our state and the federal government. Let’s examine this issue more closely. Under our intergovernmental system, payments made to the federal government in the form of federal taxes find their way back to the states in the form of federal grants (the largest of which is Medicaid) and other federal spending programs. The difference between federal spending received and federal taxes paid is referred to as the “balance of payments” between each state and the federal government.

As you can see from the chart below, thirty-one states are net winners, while nineteen are net losers. New Mexico has ranked first since FY 1984, which can be explained by its low per capita income, which leads to low federal tax payments, as well as by high federal spending in defense and assistance programs. Nine states had balance of payments surpluses of \$2,000 per capita or more. Of these, five are located in the Southeast or Southwest. Southern states do relatively well because they have a greater proportion of the elderly population, which leads to more federal spending on Social Security and Medicare. These states also tend to have relatively low per capita incomes, which leads to lower federal tax payments.

Per Capita Balance of Payments, FY 1999					
Rank	State	Per Capita	Rank	State	Per Capita
1	New Mexico	3,944	26	Vermont	343
2	Montana	3,109	27	Nebraska	320
3	Virginia	3,069	28	Pennsylvania	256
4	North Dakota	3,043	29	Utah	230
5	West Virginia	2,808	30	North Carolina	146
6	Alaska	2,777	31	Florida	47
7	Mississippi	2,684	32	Georgia	-29
8	South Dakota	2,327	33	Texas	-189
9	Alabama	2,091	34	Ohio	-344
10	Hawaii	1,982	35	Indiana	-399
11	Oklahoma	1,866	36	Oregon	-483
12	Maryland	1,770	37	Washington	-533
13	Arkansas	1,633	38	Colorado	-620
14	Kentucky	1,595	39	California	-685
15	Louisiana	1,576	40	Wisconsin	-887
16	Maine	1,324	41	New York	-890
17	South Carolina	1,265	42	Massachusetts	-895
18	Missouri	1,187	43	Delaware	-1,025
19	Tennessee	961	44	Michigan	-1,042
20	Arizona	904	45	Minnesota	-1,294
21	Idaho	829	46	Nevada	-1,583
22	Iowa	750	47	Illinois	-1,669
23	Rhode Island	528	48	New Hampshire	-1,787
24	Wyoming	386	49	New Jersey	-2,342
25	Kansas	373	50	Connecticut	-2,840

ILLINOIS’ HIGH-TECH ASSETS (MARCH 2001 “SITE SELECTION” MAGAZINE)

- Illinois has strong talent-based universities, including the University of Chicago, Northwestern University, the University of Illinois, and Loyola University.
- Illinois is No. 5 in the nation for the number of scientists and engineers--more than 150,000 statewide.
- \$7.5 billion in R&D investments have been made in recent years by both the public and private sectors.
- There are 621 federal research labs statewide, including Argonne, Fermilab, and the National Center for Supercomputing Applications.
- 6,600 new technology firms have opened their doors since 1989, creating 30,000 jobs.
- 17,000 high-tech firms are located in the state today, with 11,610 in Chicago alone.
- Chicago ranks No. 3 in the number of high-tech workers, with a total of 288,000.

WEFA - MARCH 2001 U.S. ECONOMIC OUTLOOK

- Expect consumer spending to temporarily slow further, but remain positive.
- Expect a gradual rise in the savings rate.
- Expect investment to slow further and preclude a strong recovery late this year.
- Expect the Fed to cut interest rates by another 75 basis points by May.
- Expect tax cuts, but with only a limited impact this year.

For more information, contact:
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Note: This bulletin, along with previous editions, may be accessed at DCCA’s Web site at: www.commerce.state.il.us.

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ILLINOIS ECONOMIC BULLETIN

CONSTRUCTION, AIR TRANSPORT, & SERVICES BOOST PAYROLLS Vol. 13, No. 11, May 2001

Gains in the Construction, Air Transportation, and Retail Trade sectors helped to lift total payroll jobs in Illinois above year-ago levels. Construction jobs, which got off to a strong seasonal start last month with a healthy 6 percent increase, were up by 15,800, jobs with air carriers were up 5,500, and the Services industry saw an increase of 33,800 employees. In total, private sector payrolls were up by more than 50,000 from last year's levels. All areas of Construction performed strongly, including special trades (up 11,100), general building (up 3,500), and heavy construction (up 1,200). At the same time, however, weakness in the Manufacturing sector led to an increase in the state's unemployment rate.

Illinois exports totaled \$34.4 billion in 2000. The top 10 countries for Illinois exports were Canada (\$9.3B), Mexico (\$3.6B), Japan (\$2.0B), United Kingdom (\$1.8B), Germany (\$1.5B), Belgium (\$1.5B), Netherlands (\$1.2B), China (\$1.1B), Australia (\$1.1B), and Brazil (\$0.8B).

The State of Illinois registered its first \$1 billion month in individual income tax collections in its history in April. The Illinois Economic & Fiscal Commission reports that through the first 10 months of FY '01, gross personal income tax receipts are up \$513 million.

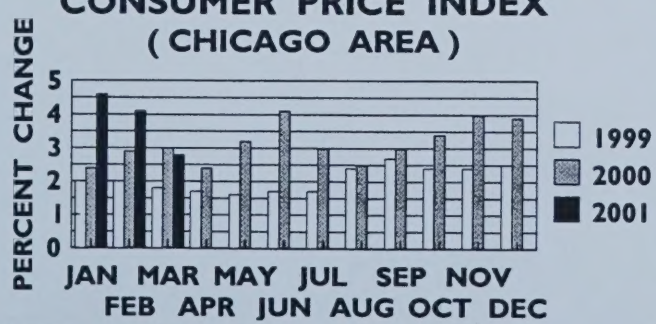
After a month below the 100 mark, the University of Illinois Flash Economic Index rebounded in April, indicating positive growth for the Illinois economy. The April reading of 101.3 was a sharp rise from the 99.7 level in March. According to U of I economists, the reading indicates that the economy is not in a recession, but rather in a period of slow growth similar to the pace of the second half of 2000. A year ago in April, the Index stood at 103.2. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

RECENT IL INDICATORS

Unemployment Rate (March '01-SA)	5.3%
Labor Force (March '01-SA)	6,424,000
Labor Force Employed (March '01-SA)	6,081,000
Employment Change (Since March '00-SA)	-1.2%
Consumer Price Index (Mar '00-Mar'01-Chicago)	2.8%
Purchasing Managers' Index (April-Chicago-SA)	38.9
Total Export Growth (Jan '00-Jan '01)	-30.7%
Retail Sales (Mar '00-Mar '01)	-4.0%

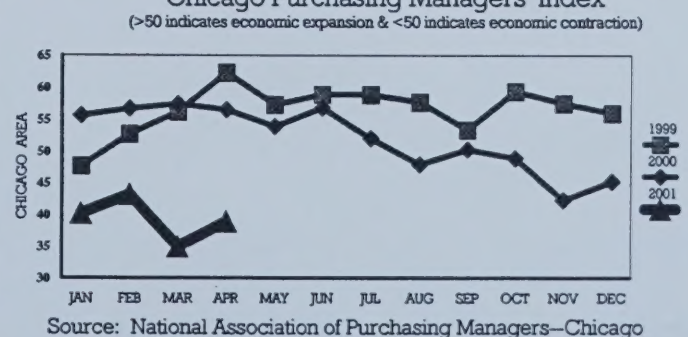
SA-Seasonally Adjusted
AR-Annual Rate

CONSUMER PRICE INDEX (CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

Chicago Purchasing Managers' Index



Source: National Association of Purchasing Managers—Chicago

ILLINOIS CONTINUES TO PLAY KEY ROLE IN UNITED STATES EXPORTS

A new study by the Federal Reserve Bank of St. Louis examines state success in exporting manufactured goods between 1988 and 1998. The table below shows state exports as a share of total exports for the nation as a whole. The results are predictable, with the largest states dominating the top ranks. Illinois fared well at #5--a testament to our historically strong manufacturing base. Washington ranks higher than might be expected, owing to its export of aircraft. Florida ranks lower than its population would suggest, since its economic mainstay, tourism, is not a manufactured export. It also shows that most states are minor players on the national exporting scene. The top five states account for almost half of the total manufacturing exports for the nation. In contrast, the bottom 10 states, taken together, account for less than 2 percent of the total.

State Manufacturing Exports as a Share of the National Total, 1998					
RANK	STATE	PERCENT	RANK	STATE	PERCENT
1	California	15.83%	26	Missouri	0.98%
2	Texas	13.14	27	Colorado	0.88
3	Washington	6.25	28	Iowa	0.8
4	New York	6.05	28	Maryland	0.8
5	Illinois	4.92	30	Kansas	0.65
6	Michigan	4.9	31	Vermont	0.62
7	Florida	4.35	32	Utah	0.52
8	Ohio	4.19	33	Oklahoma	0.47
9	Pennsylvania	2.69	34	Arkansas	0.38
10	Massachusetts	2.65	34	Mississippi	0.38
11	New Jersey	2.58	36	Delaware	0.37
12	North Carolina	2.5	37	Nebraska	0.32
13	Georgia	2.24	38	New Mexico	0.31
14	Indiana	2.11	39	Maine	0.29
15	Virginia	1.92	39	New Hampshire	0.29
16	Arizona	1.86	41	Idaho	0.24
17	Louisiana	1.61	42	West Virginia	0.23
18	Tennessee	1.58	43	Rhode Island	0.17
19	Wisconsin	1.58	44	Nevada	0.11
20	Minnesota	1.45	45	Alaska	0.1
21	South Carolina	1.34	45	North Dakota	0.1
22	Kentucky	1.33	47	Wyoming	0.08
23	Oregon	1.33	48	South Dakota	0.07
24	Connecticut	1.22	49	Montana	0.05
25	Alabama	1.04	50	Hawaii	0.04

ILLINOIS HIGHLIGHTS

- The U.S. Department of Commerce reports that the 10 states with the highest per capita incomes in 2000 were, in the following order, Connecticut, Massachusetts, New Jersey, New York, Maryland, New Hampshire, Colorado, California, **Illinois**, and Minnesota.
- According to the Associated Press, eighth-graders in suburban Chicago scored among the best in the world in a test of math and science knowledge. School District No. 203 in Naperville edged out all other competitors in science and came in sixth worldwide in math. The average math scores of Naperville students were just behind those of students in five Asian nations. The tests were given voluntarily in 1999 in 38 countries, 13 states, and 14 school districts or groups. The eighth-graders who took the test were selected randomly.

WEFA - APRIL 2001 U.S. ECONOMIC OUTLOOK

- Expect recent stock market weakness to have additional, delayed negative effects on consumption and investment.
- Expect a further slowing of consumption as signaled by the still-weakening sentiment trend.
- Expect service sector growth to remain positive and help stabilize the economy.
- Expect sustained slowdown through 2002 in investment and a contraction cycle for many of its sectors.
- Expect U.S. imports to slow faster than exports. No world recession yet.

Note: This bulletin, along with previous editions, may be accessed at DCCA's Web site at: www.commerce.state.il.us.

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ILLINOIS ECONOMIC BULLETIN

ILLINOIS UNEMPLOYMENT DROPS SUBSTANTIALLY IN MAY

Vol. 13, No. 12, June 2001

The number of people unemployed in the state dropped sharply to 335,400, down 12,000 from April and the largest one month decline since April 1998. Hiring in commercial and residential construction continued at a brisk pace, boosting total industry employment 4.2 percent over last year. Solid gains also were recorded in the transportation and services/retail trade sectors.

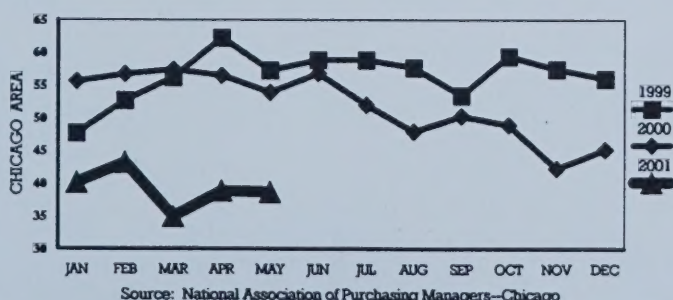
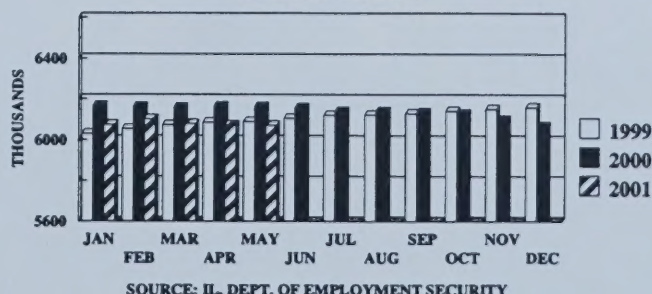
Construction added 11,600 new jobs, bringing total construction employment in the state to 286,500 in May. Air transportation paced gains in the Transportation/Public Utilities sector, adding 5,400 jobs. Finally, jobs in the diverse Services sector increased to a total of 1,882,700.

With only one more month remaining in FY'01, overall state tax receipts are up \$408 million, or 1.9 percent over the same period during the last fiscal year. Gross personal income tax receipts lead the advancers and are up \$319 million. Interest income is ahead by \$44 million, while public utility taxes are up \$36 million. All other advancing revenue sources are up \$44 million.

After rebounding in April, the University of Illinois Flash Index of Economic Growth experienced a steep decline in May and was again below the 100 mark, indicating that the Illinois economy is essentially stagnant, if not shrinking. The Flash Index fell to 98.9, down from the previous month's level of 101.3. The May reading was also below the March level of 99.7, which was the first sub-100 reading in almost a decade. A year ago in May the Index stood at 103.1. According to U of I economists, the reading indicates that while we may have avoided a recession, most analysts still believe that we will experience a period of slow growth in future months. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

RECENT IL INDICATORS

Unemployment Rate (May '01-SA)	5.2%
Labor Force (May '01-SA)	6,406,300
Labor Force Employed (May '01-SA)	6,070,900
Employment Change (Since May '00-SA)	-90,800
Consumer Price Index (May '00-April '01-Chicago)	3.8%
Purchasing Managers' Index (May '01-Chicago-SA)	38.7
Total Export Growth (April '00-March '01)	1.5%

SA-Seasonally Adjusted
AR-Annual RateChicago Purchasing Managers' Index
(>50 indicates economic expansion & <50 indicates economic contraction)EMPLOYMENT IN ILLINOIS
(SEASONALLY ADJUSTED)

PAYING TEACHERS, MORE OR LESS

The two major national labor organizations that represent public school teachers--the American Federation of Teachers (AFT) and the National Education Association (NEA)--have each released reports that show average teacher salaries for 2000. While the two surveys show slight variations among the states, for the most part the findings are similar. The table below shows the rankings from the AFT survey.

There is a wide variation in incomes, with the average teacher salary in #1 Connecticut 80 percent higher than in #50 South Dakota. The table shows very clearly that teachers in northern, industrial midwestern, and western states have higher salaries than their counterparts in the South or Plains regions. The highest ranking southern state--#18 Georgia--ranks below the national average.

The differences reflect at least two considerations. First, public sector unions tend to have greater clout in northern states and, consequently, teachers in these states are able to bargain for higher salaries. Equally important, however, are cost of living considerations. Overall wage rates in northern states tend to be higher than in southern states.

AVERAGE TEACHER SALARY IN 1999-2000*

(U.S. Average = \$41,820)

RANK	STATE	AVERAGE SALARY	RANK	STATE	AVERAGE SALARY
1	Connecticut	52,410	26	Texas	37,567
2	New York	51,020	27	Florida	36,722
3	New Jersey	50,878	28	Alabama	36,689
4	Michigan	48,729	29	Vermont	36,402
5	Pennsylvania	48,321	30	Tennessee	36,328
6	Rhode Island	48,138	31	Kansas	36,282
7	California	47,680	32	Kentucky	36,255
8	Massachusetts	46,955	33	South Carolina	36,081
9	Alaska	46,481	34	Iowa	35,678
10	Illinois	46,480	35	Missouri	35,660
11	Oregon	45,103	36	Maine	35,561
12	Delaware	44,435	37	Idaho	35,155
13	Maryland	43,720	38	West Virginia	35,011
14	Nevada	43,083	39	Utah	34,946
15	Indiana	41,855	40	Arizona	34,824
16	Ohio	41,713	41	Wyoming	34,188
17	Hawaii	41,292	42	Arkansas	33,691
18	Georgia	41,122	43	Nebraska	33,237
19	Washington	41,047	44	Louisiana	33,109
20	Minnesota	40,678	45	New Mexico	32,713
21	Wisconsin	39,897	46	Montana	32,121
22	North Carolina	39,404	47	Mississippi	31,897
23	Colorado	39,073	48	North Dakota	29,863
24	Virginia	38,992	49	Oklahoma	29,525
25	New Hampshire	37,734	50	South Dakota	29,072

Source: State Policy Reports, May 2001 (Vol. 19, Issue 10).

ILLINOIS HIGHLIGHTS

- Illinois expects to lead all states in spending on tourism promotion in the coming year at \$61.1 million. Hawaii comes in a close second with anticipated expenditures of \$61 million. Illinois' increased spending on tourism reflects an ongoing commitment at both the state and local level to encourage travelers to pick Illinois as a vacation destination.

WEFA - MAY 2001 U.S. ECONOMIC OUTLOOK

- Expect investment to be an increasing drag on the economy.
- Expect further slowing of consumer spending.
- Expect near zero growth based on the WEFA Real Side Indicator.
- Expect substantial improvement medium term in the U.S. external balance.
- Expect reduced budget surpluses that are less than Social Security revenues.

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